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ECONOMIC REGULATION

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COURSE OUTLINE

ECONOMIC REGULATION

Lecture One - Rationale for Regulation

A. Required:

1. Stanbury and Thompson "The Scope and Coverage of Regulation in Canada and the United States: Implications for the Demand for Reform" (1980) p. 1

2. Trebilcock, Waverman and Prichard, "Markets for Regulation" in Ontario Economic Council, Government Regulation: Issues and Alternatives (1978) p. 33

3. Posner, "Theories of Economic Regulation", 1974 5 Bell Journal 335. p. 53

B. Supplementary:

1. Kahn, "The Rationale of Regulation and the Proper Role of Economics" in Kahn The Economics of Regulation, Volume 1, pp. 1-19

2. Posner, "Taxation by Regulation", 2 Bell Journal 22 (1971)

3. Stigler, "The Theory of Economic Regulation", 2 Bell Journal 22 (1971)

4. Peltzman, "Toward a More General Theory of Regulation", 19 J. Law & Econ. 211 (1976) and comment by Hirshleifer, 19 J. Law & Econ. 241 (1976)

Lecture Two - The Nature of the Regulatory Process

A. Required:

1. Reich, R. "Warring Critiques of Regulation", Regulation, (Jan/Feb 1979) p. 74

2. Trebilcock and Hartle, "The Choice of Governing Instruments", International Review of Law and Economics (1982) p. 80

3. Janisch, H. "Policy Making in Regulation: Towards a New Definition of the Status of Independent Regulatory Agencies in Canada", 17 Osgoode Hall L.J. 1979 p. 96

4. Trebilcock, M. & Englehard, A Tax Credit for Public Interest Groups, 3 Canadian Taxation 29 (1981) p. 157

Lecture Three - Natural Monopoly and Its Regulation

A. Required:

1. Posner, "Natural Monopoly and Its Regulation", 21 Stanford L. Rev. 2.48 (1969) p. 162

2. Morgan, The Context of Modern Regulation (1976) p. 206

3. Demsetz, "Why Regulate Utilities", 11 J. Law & Econ. 55 (1968) p. 207

4. Williamson, "Franchise Bidding for Natural Monopolies - in General and With Respect to CATV", (Mimeograph, 1977) p. 217

B. Supplementary:

1. Baldwin, J.R., "Transportation Policy and Jurisdictional Issues", 18 Canadian Public Administration 630

2. Mullan, D. and Beaman, R., "The Constitutional Implications of the Regulation of Telecommunications", 2 Queens L.J. 67-92 (1973)

3. Lederman, W.R., "Divided Authority in Canada to Incorporate Companies and to Regulate the Telecommunications Industry", from H.E. English, (ed. of Telecommunications for Canada)

4. Kahn, "The Role and Definition of Competition: Natural Monopoly" in Kahn The Economics of Regulation, Volume 2, pp. 13-171 (particularly 113-126)

Lecture Four - Public Utility Rate of Return Regulation

A. Operating Expenses:

Garfield and Lovejoy: Public Utility Economics, Chapter 4 p. 249

B. Rate Base:

1. Halpern, An Analysis of the Rate Base - Rate of Return Form of Regulation, mimeo, (1973), Chapter I p. 261

2. Garfield and Lovejoy, "The Rate Base" p. 287

3. Halpern, An Analysis of ... p. 306

C. Allowed Rate of Return

1. Garfield and Lovejoy: Chapter 9 p. 342

2. Halpern, "An Analysis of the Rate Base" - Market Based Techniques, Determining the Cost of Equity p. 362

3. Brigham and Crum, "On the Use of the CAPM in Public Utility Rate Cases" p. 395

4. Halpern, "Cost of Equity Capital for Westcoast Transmission" (mimeo, 1977) p. 404

5. Halpern, "An Analysis of the Rate Base",- Relationship of Allowed Rate of Return and Cost of Capital p. 423

Lecture Five - Alternatives to Rate of Return Regulation

A. Required:

1. Hartle & M.J. Trebilcock, "Regulatory Reform and the Political Progress" (Osgoode Hall L.J. Winter 83) p. 436

2. T.D. Morgan, "Toward a Revised Strategy for Rate Making" (1978) p. 488

3. L. Courville and M. Degenais, "On New Approaches to the Regulation of Bell Canada", (1977) 3 Canadian Public Policy 76 p. 506

4. Economic Council of Canada, Interim Report, Responsible Regulation, Chapter 6, pp. 69-84 p. 513

B. Supplementary:

Economic Council of Canada, Reforming Regulation (Final Report), 1981, Chapter 12

Lecture Six - Public Enterprise and Privatization

A. Required:

1. T.E. Kierans, (1984) "Privatization if Necessary but Not Necessarily Privatization", Choices (Nov.)

2. J. Baldwin, (1985) "The Privatization of Air Canada" in W.T. Stanbury & T.E. Kierans (eds.) Papers on Privatization, (IRPP) p. 529

3. H. Janisch and R. Schultz, (1985) "Teleglobe Canada: Cash Cow or White Elephant", in W.T. Stanbury & T.E. Kierans (eds.) op cit. p. 555

Lecture Seven - Pricing Between Customer Classes

A. Required:

1. A.P. Lerner, "Conflicting Principles of Public Utility Price Regulation", Journal of Law and Economics p. 613

2. E.E. Zajac, Fairness or Efficiency: An Introduction to Public Utility Pricing (Ballinger Publishing, 1978), Chapter 3, "Basic Ramsey Prices in The Regulated Sector" p. 623

3. Joskow, "Contributions to the Theory of Marginal Cost Pricing", Bell Journal, 1974 p. 635

4. W.J. Baumol, "Rate Making: Incremental Costing and Equity Considerations", in J.M. Trebing (ed.) Essays on Public Utility Pricing and Regulation, Michigan State University East Lansing, 1971 p. 645

5. Kahn, The Economics of Regulation, Volume 1, Chapters 3, 4. p. 666

6. Zajac, Chapters 4, 5, 7 and 8 p. 707

Lecture Eight - Quality and Social Regulation

Required:

1. Cornell, Noll and Weingast, "Safety Regulation" (mimeo, 1975) p. 751

2. Oi, Safety at Any Price?, Regulation, 16, Nov./Dec. p. 785

3. Schwartz, A., "Products Liability Law", Law & Economics Workshop Series, Dec. 10, 1986 p. 793

4. Trebilcock, Tuohy, Wolfson, Professional Regulation (1979) Chpt. 4 p. 887

Lecture Nine - Entry and Access Regulation

Required:

1. Kahn, Volume II "The Theory and Prerequisites of Destructive Competition" p. 909

2. Schreiber, "The Economic Reasons for Price and Entry Regulation of Tax Cabs", Journal of Transport Economics and Policy (Sept. 1975) p. 923

3. Bonsor, "The Government Regulation of the Highway Trucking Industry in Ontario" (1978) p. 935

4. Kahn, Volume II, "Competitive Certification Versus Centralized Planning and Responsibility" p. 968

5. Quinn and Palmer, "A Case Study of Public Enterprises: Gray Coach Ltd." p. 991

Lecture Ten - Regulatory Reform: Airlines and Natural Gas Markets

Required:

1. Behn, 'The False Dawn of Sunset Laws" p. 1005

2. Levine, Revisionism Revised? Airline Deregulation and the Public Interest p. 1020

3. Kaplan, D.P., "The Changing Airline Industry" in L.W. Weiss and M.W. Klass (eds.) Regulatory Reform, (Little Brown, N.Y. 1986) p. 1037

4. Braeutigam, R.R. and R.G. Hubbard, "Natural Gas: The Regulatory Transition" in L.W. Weiss and M.W. Klass (op cit.) p. 1056

Supplementary:

W.T. Stanbury & F. Thompson, Regulatory Reform in Canada, Institute for Research on Public Policy, 1982)

Lecture Eleven - Competition Policy

Required:

Kaiser, G. "Competition in Telecommunications: Refusal to Supply Facilities by Regulated Common Carriers", 13 Ottawa LR 95 (1981) p. 1073

Lecture Twelve - Wrap-up and Review

Required:

Acheson, K. "Economic Regulation in Canada, A Survey" in D.G. Mc Fetridge (ed.) Canadian Industrial Policy in Action, (Macdonald Commission) 1985 p. 1101